

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of)
)
HAWAIIAN ELECTRIC COMPANY, INC.)
)
For Approval of a Residential)
Direct Load Control Program, and)
Recovery of Program Costs.)
_____)

DOCKET NO. 03-0166

DECISION AND ORDER NO. 23574

Filed August 1, 2007
At 2 o'clock P.M.

Karen Higashi.
Chief Clerk of the Commission

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DIV. OF CONSUMER ADVOCACY
DEPT. OF COMMERCE AND
CONSUMER AFFAIRS
STATE OF HAWAII

ATTEST: A True Copy
KAREN HIGASHI
Chief Clerk, Public Utilities
Commission, State of Hawaii.

Karen Higashi.

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In the Matter of)
HAWAIIAN ELECTRIC COMPANY, INC.) Docket No. 03-0166
For Approval of a Residential) Decision and Order No. 23574
Direct Load Control Program, and)
Recovery of Program Costs.)
_____)

DECISION AND ORDER

By this Decision and Order, the commission approves HAWAIIAN ELECTRIC COMPANY, INC.'s ("HECO") request to increase the 2007 incremental budget for the Residential Direct Load Control ("RDLC") Program, by \$1,269,804, from \$2,784,909 to \$4,054,713, to respond to higher than forecasted customer participation in the program.

I.

Background

By Decision and Order No. 21415, filed on October 14, 2004, the commission approved HECO's requests for: (1) approval of its RDLC Program; (2) recovery of its program costs for the first five years of the program, which are estimated to be approximately \$12,205,955 (and associated revenue taxes, if applicable), using HECO's Integrated Resource Plan ("IRP") Cost Recovery Provision and incorporated into rates as a result of the next rate case if DSM costs are not recovered through the IRP

Cost Recovery Provision after the next rate case; and (3) program flexibility as described within the application filed in this docket.

By Decision and Order No. 21725, filed on April 8, 2005, the commission approved HECO's request to modify the eligibility criteria for its RDLC Program to include residential customers that are master metered, as a pilot program, provided that HECO requires its master metered customers participating in the RDLC Program to notify all persons who may have their water heaters disconnected of the potential for such an event to occur.

By Decision and Order No. 22961, filed on October 19, 2006, the commission approved HECO's request to increase the 2006 budget for the RDLC Program, by \$404,550, from \$3,265,410 to \$3,669,960, to respond to an increase in installation labor costs.

By Decision and Order No. 23181, filed on December 29, 2006, the commission approved HECO's request to modify the RDLC Program to (1) increase the 2007-2009 budget to include higher installation labor costs, and (2) add a new program element, residential central air conditioning, in order to help obtain an estimated additional 1.4 megawatts ("MW") of interruptible load.

By Order No. 23258, filed on February 13, 2007, as clarified by Order No. 23448, filed on May 21, 2007, both in Docket No. 05-0069, the commission denied HECO's flexibility requests with respect to its Demand-Side Management ("DSM") programs, but stated that HECO may seek modifications to its

DSM programs by letter request, pending the opening of a new docket.

On June 1, 2007, HECO filed a letter ("HECO's Letter") requesting commission approval to increase the 2007 incremental budget for the RDLC Program by \$1,269,804, from \$2,784,909 to \$4,054,713, to respond to higher than forecasted customer participation in the program. On or about July 11, 2007, HECO advised the commission that in order to prepare for the upcoming demand peak, it is requesting a decision and order in this docket on or before August 1, 2007.¹

II.

Discussion

HECO states that its requested budget increase "will provide additional funding for customer incentives and load control equipment installation costs to allow HECO to continue to acquire interruptible peak load without disrupting the progress achieved in the program."² HECO explains that "[t]he primary reason for the forecasted increase in customer participation involves recent decisions by two Department of Defense ("DOD") residential housing management companies to

¹The DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS, DIVISION OF CONSUMER ADVOCACY ("Consumer Advocate") is an ex officio party to this docket, pursuant to HRS § 269-51 and HAR § 6-61-62. By letter dated July 13, 2007, the commission advised the Consumer Advocate that it may file a statement of position by July 18, 2007, to allow the commission sufficient time to review any further filings and issue a decision and order by August 1, 2007. The commission received no further filings in this docket.

²HECO's Letter, filed on June 1, 2007, in Docket No. 03-0166, at 1.

install up to 4,300 RDLC Program EnergyScout load control devices in 2007."³ In addition, HECO explains that "the University of Hawaii signed a partnership agreement with HECO in April 2007 to further develop cooperative energy efficiency efforts, including the installation of EnergyScout devices on the University's Faculty Housing Facilities."⁴ HECO states that "[b]ased on these developments, coupled with greater than forecasted customer acceptance of this measure, HECO has updated its forecast for the number of EnergyScout devices expected to be installed in 2007."⁵ HECO updated its original forecast of 6,397 EnergyScout devices to 10,630 EnergyScout devices.⁶ As a result, HECO also updated its original forecast of 4.4 MW of interruptible peak load to 7.2 MW of interruptible peak load for 2007.⁷ HECO explains that "[t]he additional peak load now forecast for 2007 will help to mitigate HECO's shortfall in reserve capacity."⁸ HECO requests that the recovery of the

³HECO's Letter, filed on June 1, 2007, in Docket No. 03-0166, at 1.

⁴HECO's Letter, filed on June 1, 2007, in Docket No. 03-0166, at 1.

⁵HECO's Letter, filed on June 1, 2007, in Docket No. 03-0166, at 1.

⁶See HECO's Letter, filed on June 1, 2007, in Docket No. 03-0166, at 1.

⁷See HECO's Letter, filed on June 1, 2007, in Docket No. 03-0166, at 1-2.

⁸HECO's Letter, filed on June 1, 2007, in Docket No. 03-0166, at 2.

increased customer incentives and equipment installation costs be through the DSM surcharge component of the IRP Clause.⁹

Based upon a review of the record, the commission finds that HECO's request to increase the 2007 incremental budget for the RDLC Program is reasonable and in the public interest because doing so will allow HECO to manage the upcoming peak loads and mitigate any projected shortfalls in reserve capacity. Accordingly, the commission concludes that HECO's request should be approved.

III.

Order

THE COMMISSION ORDERS:

HECO's request to increase the 2007 incremental budget for the RDLC Program, by \$1,269,804, from \$2,784,909 to \$4,054,713, to respond to higher than forecasted customer participation in the program, is approved.

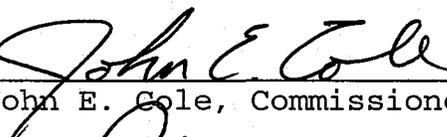
⁹HECO's Letter, filed on June 1, 2007, in Docket No. 03-0166, at 1.

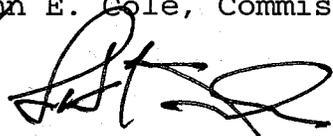
DONE at Honolulu, Hawaii

AUG - 1 2007

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Carlito P. Caliboso, Chairman

By 
John E. Cole, Commissioner

By 
Leslie H. Kondo, Commissioner

APPROVED AS TO FORM:


Nichole K. Shimamoto
Commission Counsel

03-0166.eh

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 23574 upon the following parties and participants, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party and participant.

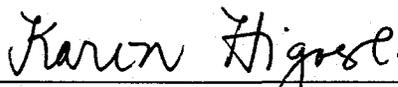
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DATED: AUG - 1 2007